

Financing MENA Solar Energy – EU/MENA Trade is Fundamental



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THE WORLD BANK



MENA'S COMPARATIVE ADVANTAGE: MASSIVE SOLAR RESOURCE NEXT TO A LARGE SOLAR MARKET

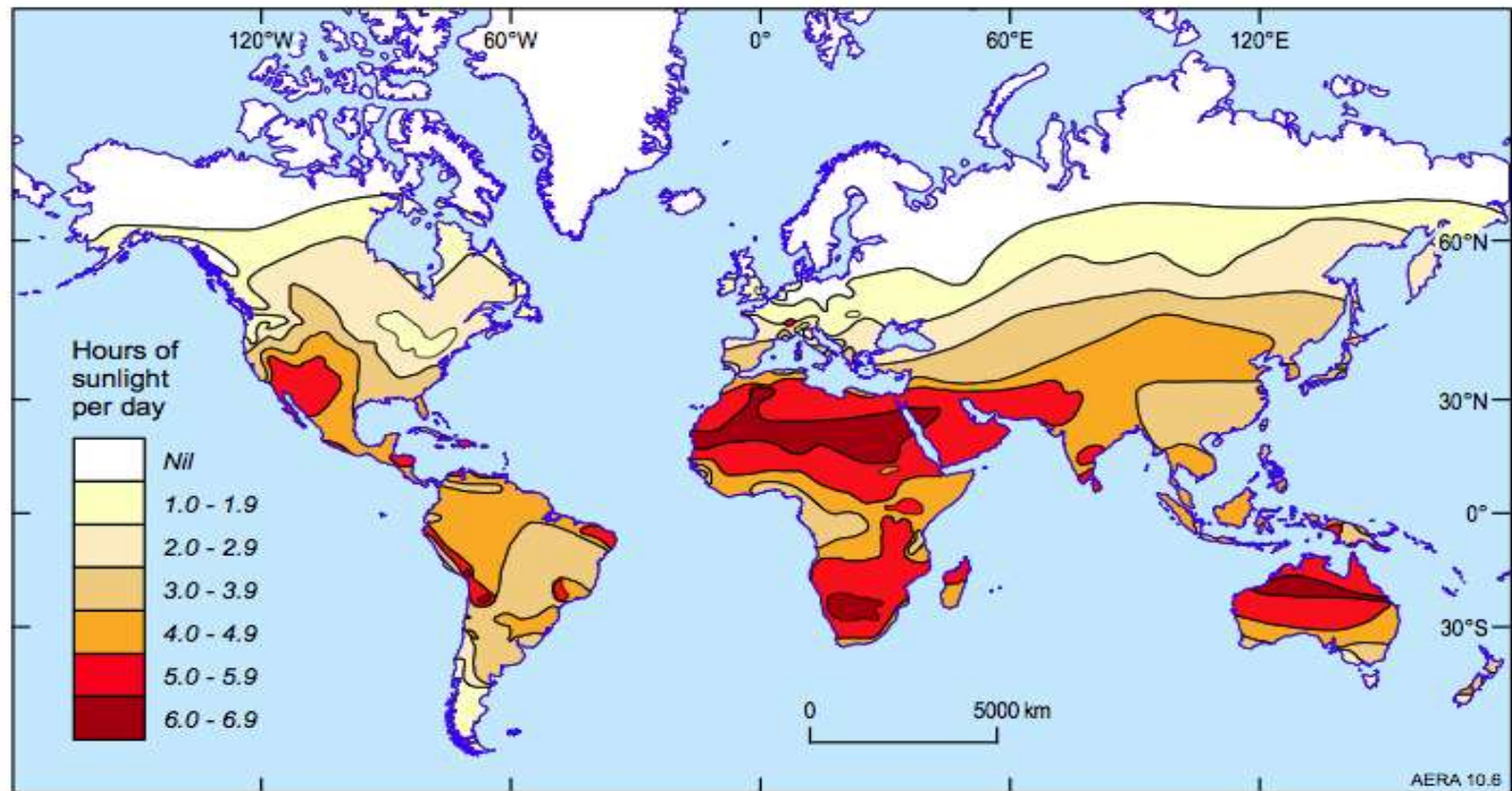


Figure 10.6 Hours of sunlight per day, during the worst month of the year on an optimally tilted surface

Source: Sunwize Technologies 2008

THE CLEAN TECHNOLOGY FUND (CTF)

CSP MENA INVESTMENT PLAN *(1 OF 2)*



- US\$ 5.6 Billion MENA CSP Investment Plan, endorsed by CTF in December 2009, implemented by the World Bank and the African Development Bank.
- CTF objective: to fund “transformational” low-carbon projects.
- CSP: a technology with huge unexploited economies of scale, needing upfront subsidies to come down the cost curve.
- CTF contribution to MENA CSP: US\$ 750 Million of highly-subsidized financing.

THE CLEAN TECHNOLOGY FUND (CTF)

CSP MENA INVESTMENT PLAN *(2 OF 2)*



- Current project pipeline (as proposed by participating countries): ~1000 MW of generation capacity and two transmission projects.
- Ouarzazate 1 is the first project to reach bidding stage (financing from PPP with support from CTF (\$197m), EU NIF, AfDB, WB, AFD, KfW/German Government, EIB).
- Ouarzazate 2, Tunisia, Egypt, and Jordan projects to follow 2012/2013.
- **But, CTF and donors can only jump-start the process by demonstration – they cannot (and should not) fund replication and scale-up. The export market, however, can greatly help in doing that.**

EXPORT MARKETS TO FINANCE REPLICATION



- **2008:** Mediterranean Solar Plan (to make EU-MENA energy relations more concrete).
- **2009:** Article 9 of Renewable Energy Directive (to make EU government subsidies of renewable energy imports more possible, alongside subsidies of domestic production).
- **2009:** Desertec Industry Initiative (to lobby for government subsidies of solar energy imports).
- **2009:** Moroccan Solar Plan launched (making solar exports possible).
- **2009/2011:** Key European governments declare support for solar energy imports from MENA.
- **2011:** EU responds to Arab Spring with strong political commitments to improve market access for transition countries in MENA.
- **But, will key EU countries now open their solar energy markets?**

NEXT STEPS



- Post-Arab Spring, MENA needs to exploit its resources for growth, jobs, and stability. European market access is critical.
- Solar energy markets may be difficult to open, but in near-term other markets may be harder!
- Demonstration exports are needed soon – this requires a project to be bid with exports (Ouarzazate 2?), with support from government-to-government agreements (Germany-Morocco-France-Spain?) to provide subsidies and grid access.
- EU Renewable Energy Communication June 2012 to reinforce investor expectations for solar exports?
- Deep and Comprehensive Free Trade Agreements (EU-MENA) under negotiation to include solar energy?

SUNSHINE IN MOROCCO



SUNSHINE IN GERMANY

